

**MINUTES OF SPECIAL MEETING
ILLINOIS GAMING BOARD
December 15, 2003
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

A Special Meeting of the Illinois Gaming Board ("Board") was held on December 15, 2003. The Board met in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle for closed session.

The following Board Member was present: Chairman Elzie Higginbottom and Members Violet Clark, Gary Peterlin, and William Dugan.

The meeting convened at 11:28 A.M. Pursuant to Section 2(c), paragraphs (11), (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Peterlin moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Administrative hearings;**
- 2. Pending litigation and matters involving probable litigation; and**
- 3. Personnel matters**

Member Dugan seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

At approximately 12:50 P.M., Member Clark moved that the Board reconvene into Open Session. Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

The Board convened its Open Session at 1:05 P.M.

Owner Licensee Item

IN RE THE DISCIPLINARY ACTION OF EMERALD CASINO, INC., DC-01-05
IN RE IN THE MATTER OF THE DENIAL OF THE RENEWAL OF THE OWNER'S
LICENSE OF EMERALD CASINO, INC., GL-01-01 – PROPOSED SETTLEMENT FOR
FINAL APPROVAL - Chairman Higginbottom stated that he has served on the Board for over two years. Chairman Higginbottom stated that during the two years Emerald Casino Inc. has been on the agenda for discussion. Chairman Higginbottom stated that during the two years the Board has heard a great deal of public commentary and read a lot of documentation. Chairman Higginbottom stated that there has been a lot of stakeholders and interested parties that have come before the Board to make presentations to discuss the pros and cons of the 10th license. Chairman Higginbottom assured the public that all of the

information that has been provided to the Board over a period of time has been considered and thought through and has not been taken lightly.

Member Clark offered the following resolution:

WHEREAS, Emerald Casino, Inc., (Emerald) formerly known as HP Inc., was initially granted an owner's license to conduct riverboat gaming in Illinois on July 9, 1992. The Illinois Gaming Board (Gaming Board) renewed Emerald's owner's license in July 1995 and again in July 1996.

WHEREAS, on June 24, 1997, the Gaming Board voted to deny the renewal of Emerald's owner's license and issued a Notice of Denial on June 27, 1997. On July 2, 1997, Emerald requested an administrative hearing regarding the denial of its renewal application.

WHEREAS, on July 29, 1997, Emerald ceased all gaming operations.

WHEREAS, before the Gaming Board took final action on the denial of Emerald's renewal application, the Illinois General Assembly amended the Illinois Riverboat Gambling Act (the Act). The Act, as amended, became effective June 25, 1999.

WHEREAS, on September 7, 1999, the Gaming Board determined that the administrative proceeding involving the denial of Emerald's renewal application was moot due to the amendment of the Act. The Gaming Board further allowed Emerald to file a new Application for Renewal of Owner's License.

WHEREAS, on September 24, 1999, Emerald filed an Application for Renewal of Owner's License with the Gaming Board.

WHEREAS, on January 30, 2001, the Gaming Board voted to deny Emerald's Application for Renewal of Owner's License and also voted to revoke Emerald's owner's license.

WHEREAS, on March 6, 2001, the Gaming Board issued a Notice Of Denial Of Emerald's Application For Renewal Of Owner's License and also issued a Complaint For Disciplinary Action seeking revocation of Emerald's owner's license.

WHEREAS, on March 13, 2001, Emerald filed a verified Request for Hearing on the Notice of Denial of its Application for Renewal of Owner's License. Additionally, on March 26, 2001, Emerald filed a Verified Answer to the Complaint for Disciplinary Action.

WHEREAS, on May 21, 2001, Emerald filed a Complaint For Declaratory Relief And Writ of Mandamus against the Gaming Board in the Circuit Court of Cook County, Illinois.

WHEREAS, on May 15, 2002, Emerald filed a Complaint For Declaratory And Injunctive Relief against the Gaming Board in the Circuit Court of Cook County, Illinois.

WHEREAS, administrative proceedings on the Gaming Board's Complaint For Disciplinary Action commenced on or about May 29, 2002, and remain pending before an administrative law judge.

WHEREAS, Emerald has not conducted gaming since July 1997.

WHEREAS, in June, 2002, an involuntary bankruptcy court petition was filed against Emerald Casino, Inc. In September, 2002, the United States Bankruptcy Court ruled that Emerald was properly placed into bankruptcy, and Emerald converted its case to Chapter 11 of the United States Bankruptcy Code. On May 28, 2003, Emerald filed an adversary proceeding against the Gaming Board, its members, the former Administrator, three Gaming Board attorneys, outside counsel to the Board and an administrative law judge. On July 24, 2003, the United States Bankruptcy Court denied Emerald's motion for a preliminary injunction to preclude the IGB from recommencing the administrative hearing. On July 31, 2003, Emerald filed a notice of appeal from Judge Wedoff's July 24, 2003, decision. On August 6, 2003, Judge Wedoff transmitted the appeal to Judge Holderman of the United States District Court. The case is currently pending before Judge Holderman.

WHEREAS, on November 13, 2003, the Illinois Attorney General approved the Letter Agreement and related documentation regarding the sale of Emerald Casino, Inc.

NOW, THEREFORE,

BE IT RESOLVED, that based on the recommendation by the Illinois Attorney General, the Gaming Board approves the Letter Agreement between Emerald, the Attorney General and the Gaming Board and delegates to the Administrator the authority to execute the Letter Agreement. Further, counsel of record is directed and authorized to undertake all necessary steps to implement the terms of the Letter Agreement and conduct and/or resolve all other legal proceedings pending between Emerald and the Gaming Board in accordance therewith.

Member Clark moved that the Gaming Board adopt this resolution and further, that the Board authorize and direct trial counsel to present the executed Letter Agreement to Administrative Law Judge Herbert Holzman for disposition of the above matters in accordance with the terms of the Letter Agreement. Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

At 1:25 P.M. Member Peterlin moved to adjourn. Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,
Monica Thomas

Secretary to the Board